

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
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July 5, 2018

Jeffrey T. Linam  
Vice President of Rates & Regulatory  
California-American Water Company  
4701 Beloit Drive  
Sacramento, CA 95838-2434

Dear Mr. Linam,

The Commission has approved California-American Water Company's Advice Letter No. 1193, filed on March 30, 2018, regarding your requesting recovery of the 2017 WRAM and MCBA balances for the Toro Service District.

Enclosed are copies of the following revised tariff sheets for the utility's files:

<u>P.U.C. Sheet No.</u>	<u>Title of Sheet</u>
8775-W	Schedule No. MO-TO-1 (Continued) Monterey County District Tariff Area Toro Service Area
8776-W	TABLE OF CONTENTS Page 3
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Please contact Bradley Leong at 415-703-2307, if you have any questions.

Thank you,

/s/ROBIN BRYANT

Robin Bryant  
Water & Sewer Advisory Branch  
Water Division

Enclosures





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March 30, 2018

ADVICE LETTER NO. 1193

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (Cal-Am) (U210W) hereby submits for review this advice letter including the following tariff sheets applicable to its Toro Service District which are attached hereto:

<u>C.P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Sheet No.</u>
8775-W	Schedule No. MO-TO-1 (Continued) Monterey County District Tariff Area Toro Service Area	8692-W
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### **PURPOSE**

The purpose of this advice letter filing is to request recovery of the 2017 WRAM & MCBA balances. This request is in compliance with authorizations of the California Public Utilities Commission as detailed in D.15-04-007, D.12-04-048, and D.13-07-041.

### **BACKGROUND**

As noted on page 70 of the settlement adopted in D.15-04-007, Cal-Am established a WRAM and MCBA in Advice Letter 1072-B as outlined below;

*With the adoption of a WRAM in Sacramento, all districts in CAW where tiered rates are in place will be supported by a WRAM, including Toro.*

Historically, these types of advice letters were submitted by April 30<sup>th</sup> each year per the settlement agreement adopted in D.08-11-023. On July 25, 2013, modifications to the process were agreed to in D.13-07-041 as part of a settlement in Cal-Am's 2010 General Rate Case ("GRC") proceeding;

*The parties agree that California American Water would use the same amortization schedules and procedures that were established for other Class A water utilities in D.12-04-048 for the WRAM/MCBA in all districts. This includes:*

1. *Amortization of net WRAM/MCBA balances at or above 2% of the last authorized revenue requirement, as described in Ordering Paragraph 2;*
2. *The process to not initiate the cap until 2015, which is the first test year of the GRC to be filed July 1, 2013, as discussed in Ordering Paragraph 3;...*
3. *A vigorous review of the WRAM/MCBA as well as sales forecasting to be conducted in the next GRC (Test Year 2015), as discussed in Ordering Paragraph 3;*
4. *Cal Am will submit its annual request for amortization of net WRAM/MCBA balances by a Tier 1 advice letter on or before March 31, as described in Ordering Paragraph 5;*
5. *California American cannot include any additional type or category of cost in their Tier 1 Advice Letters that was not included in their Annual Report as described in Ordering Paragraph 9;*
6. *California American Water will separate the WRAM/MCBA surcharges on customer bills if it is capable of doing so with its new billing system, as discussed for other utilities in Ordering Paragraph 10.*

Additional criteria on the WRAM amortization process were outlined in D.12-04-048 as follows;

#### *Conclusions of Law*

7. *It is reasonable to require that net WRAM/MCBA over-collections be amortized through a surcredit on a customer's service charges and that all under-collections be amortized through a surcharge on the volumetric rate.*
8. *It is reasonable to change the deadline for applicants to submit their annual WRAM/MCBA report from March 31<sup>st</sup> to the previous November 30<sup>th</sup>, and to include nine months of recorded data through September 30<sup>th</sup> in the report.*

#### *Ordering Paragraphs*

1. *We adopt the amortization schedule set forth in Appendix A with a cap on total net Water Revenue Adjustment Mechanism/Modified Cost Balancing Account (WRAM/MCBA) surcharges of 10% of the last authorized revenue requirement...WRAM balances incurred prior to the first test year referenced above continue to be amortized under the adopted amortization schedule without being subject to the surcharge cap.*

California American Water submitted its annual report with DWA on 11/30/2017. The report contained recorded balances January 1 through October 31, 2017 and forecasted balances for the period November 1 through December 31, 2017.

## **REQUEST**

The balances for the WRAM and MCBA are summarized in the table below.

Recovery of WRAM/MCBA Balances				
DESCRIPTION	Authorized WRAM/MCBA Over/(Under) Collection	Cumulative Interest Earned/ Accrued	Cumulative Surcharge Collections	Balance
AUTHORIZED PRIOR BALANCES REMAINING AT 12/31/2017	(\$400,938)	(\$4,022)	\$59,302	(\$345,657)
BALANCE NOT YET APPROVED FOR YEAR 2017	(\$201,350)	(\$1,174)	\$0	(\$202,524)
UAW Penalty/(Reward)				26,163
Balance All Years				(\$522,018)
2017 Adopted Revenue				794,666
Net Balance % of Revenue				65.7%

Based on the above balance and the adopted amortization schedule per D.12-04-048 Appendix A, California American Water requests a volumetric surcharge of \$0.1227 per 100 gallons over a 27 month period be added to the Company's tariffs.

### **SERVICE LIST**

Pursuant to Section 4.3 of General Order No. 96-B, a copy of this advice letter is being sent to those entities listed in the attached service list. Copies of the detailed workpapers and the documents supporting this Advice Letter have also been furnished to the Commission Staff.

### **EFFECTIVE DATE**

Cal-Am submits this as a Tier 1 advice letter per D.13-07-041 and requests an effective date of March 31, 2018.

### **RESPONSE OR PROTEST<sup>1</sup>**

Anyone may submit a response or protest for this AL. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

A **response** supports the filing and may contain information that proves useful to the Commission in evaluating the AL. A **protest** objects to the AL in whole or in part and must set forth the specific grounds on which it is based. These grounds<sup>2</sup> are:

<sup>1</sup> G.O. 96-B, General Rule 7.4.1

<sup>2</sup> G.O. 96-B, General Rule 7.4.2

1. The utility did not properly serve or give notice of the AL;
2. The relief requested in the AL would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
3. The analysis, calculations, or data in the AL contain material error or omissions;
4. The relief requested in the AL is pending before the Commission in a formal proceeding; or
5. The relief requested in the AL requires consideration in a formal hearing, or is otherwise inappropriate for the AL process; or
6. The relief requested in the AL is unjust, unreasonable, or discriminatory, provided that such a protest may not be made where it would require re-litigating a prior order of the Commission.
7. A protest may not rely on policy objections to an AL where the relief requested in the AL follows rules or directions established by statute or Commission order applicable to the utility. A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

DWA must receive a response or protest via email (**or** postal mail) within 20 days of the date the AL is filed. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

The addresses for submitting a response or protest are:

**Email Address:**

[Water.Division@cpuc.ca.gov](mailto:Water.Division@cpuc.ca.gov)

**Mailing Address:**

CA Public Utilities Commission  
Division of Water and Audits  
505 Van Ness Avenue  
San Francisco, CA 94102

On the same day the response or protest is submitted to DWA, the respondent or protestant shall send a copy of the protest to California American Water at:

**Email Address:**

[melody.singh@amwater.com](mailto:melody.singh@amwater.com)

**Mailing Address:**

4701 Beloit Drive  
Sacramento, CA 95838

[sarah.leeper@amwater.com](mailto:sarah.leeper@amwater.com)

555 Montgomery Street, Ste. 916  
San Francisco, CA 94111

[lakhjit.singh@amwater.com](mailto:lakhjit.singh@amwater.com)

4701 Beloit Drive  
Sacramento, CA 95838

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform DWA, within the 20 day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

Schedule No. MO-TO-1 (continued)  
Monterey County District Tariff Area, Toro Service Area  
GENERAL METERED SERVICE

SPECIAL CONDITIONS

General Items:

- 1. Any customer paying for service at a premise where a Residential Fire Protection Service (RFPS) is required/requested to be installed by local fire and building codes shall be allowed to have their monthly service charge modified in accordance with the monthly costs for RFPS service charges. Provided, however, that the RFPS rate has been requested by the customer and verified by the Company that the smaller size of meter would be large enough to provide adequate service for the property in absence of the additional demand necessary to supply water to the sprinkler system. The RFPS will not be considered a fire service by the Company, but as an oversized general metered service. As such the rules and conditions of service for general metered service shall apply.
- 2. Qualifying low-income customers can receive a discount on their bill. Customers must apply with the Company for acceptance into the low-income program. For additional details, please see Tariff Schedule CA-LIRA.

Fees and Surcharges:

- 3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
- 4. Per Advice Letter 1072-B, a surcharge of \$0.0245 per 100 gallons will be applied to each bill to fund California American Water conservation efforts. The surcharge will remain in effect until otherwise directed by the Commission. This surcharge is applicable to customers in the Monterey main, Bishop, Hidden Hills, Ryan Ranch, Ralph Lane, Chualar, Ambler, and Toro areas.
- 5. Per Advice Letter 1154, the under-collected balance in the Toro Consolidated Expense Balancing Account will be recovered through a quantity based surcharge of \$0.0581 per 100 gallons over 36 months effective June 16, 2017. The total amount will be recovered from all classes of customers.
- 6. Per Advice Letter 1151-A, a surcharge of \$1.21 per hundred gallons for the Low-Income Ratepayer Assistance Program ("LIRAP") Balancing Account will be collected from all non-low income water and wastewater customers and will remain in effect until updated as part of Cal-Am's GRC for the 2018 test year.
- 7. Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) Surcharge.
  - a. A surcharge is included in each bill to recover the net under-collection in the Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA). For the period ending December 31, 2017, the net under-collection totals \$176,361 including interest. The surcharge is \$0.1227 per 100 gallons and will remain effective for 27 months beginning March 31, 2018.

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(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1193	J. T. LINAM	Date Filed	03/30/2018
Decision		DIRECTOR - Rates & Regulatory	Effective	03/31/2018
			Resolution	

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**C.P.U.C. SHEET NO.**

RATE SCHEDULES (Continued):

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MO-ARC-1 General Metered Service 8738-W, 8739-W, 8693-W, 8519-W, 8027-W, 7642-W, 8672-W

*(Toro)*

MO-TO-1 General Metered Service 8740-W, 8775-W, 8019-W, 7644-W (C)

*(Garrapata)*

MO-GA-2F Flat Rate Service 8741-W, 8170-W

Sacramento District

SC-1 General Metered Service 8726-W, 8727-W, 8687-W, 8028-W, 7635-W

SC-DU-1 General Metered Service 8728-W

SC-DU-1F Flat Rate Service 8729-W

SC-GY-1 General Metered Service 8730-W

SC-GY-1F Flat Rate Service 8731-W

SC-MB-1 General Metered Service 8732-W, 8522-W

San Diego County District

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(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

Advice 1193

J. T. LINAM

Date Filed 03/30/2018

Decision

DIRECTOR - Rates & Regulatory

Effective 03/31/2018

Resolution



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(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

Advice 1193

J. T. LINAM

Date Filed 03/30/2018

Decision

DIRECTOR - Rates & Regulatory

Effective 03/31/2018

Resolution \_\_\_\_\_

**MONTEREY DISTRICT SERVICE LIST  
CALIFORNIA-AMERICAN WATER COMPANY  
ADVICE LETTER 1193**

**BOTH**

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**ADVICE LETTER 1193**

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